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Tourism Innovation: Integrating Ginseng into Spa Development: A Case Study of Sunmore Ginseng Health Spa in Kamloops, BC, Canada

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ABSTRACT

Although innovation research has built a solid ground in the realms of nature science and technology, for examples, innovation study in the field of engineering looks at the development of new processes; innovation study in the field of medicine focuses on the development of new devices, drugs and practices, it has not obtained its proper respect as a critical topic in social science, particularly in tourism research. Innovation study in tourism is surprisingly limited and still in a phase of infancy. The purpose of this study is to further explore the notion of innovation in the context of tourism based on earlier scholars' research. To provide more practical and industrial insights into the understanding of how innovation works in tourism, our researchers conduct a case study of Sunmore Ginseng Health Spa to examine its application of the established innovation concepts and paradigms, as well as the fitness for Abernathy and Clark's innovation model. Sunmore Ginseng Spa, a health spa in Canada, is located in Kamloops, BC. It is operated as a day spa. The spa is characterized by four functioned suites with the themes from Chinese ancient philosophy: Gold, Wood, Water and Fire. The services offered at Sunmore spa include Swedish massage, aromatherapy massage, reflexology, body wrap, salt glow, facials, and ginseng steaming and sauna. The study found Sunmore Ginseng Health Spa fits well the right upper quadrant of the model which is named 'architectural innovation'. In line with the 'experience economy', Sunmore Ginseng Health Spa may also be considered a good example of 'experience innovation'. In addition, the research also identified several emergent themes from tourism innovations such as service differentiation, 'high-tech. and high- touch', and experience innovation in the experience economy. Future research should further look into the main drivers of tourism innovation, the relationship between innovation and entrepreneurship, the development of innovation models for specific service sub-sectors, as well as the roles of innovation in the experience economy.

Keywords: tourism innovation, case study, experience innovation, experience economy, health spa

INTRODUCTION

Innovation is becoming an area of growing interest whether in terms of technological research, business function or simply a life style. People love to chat about innovation in everywhere and at anytime, which might reveal innovation becomes a must. Particularly in the light of current world economic recession, innovation has drawn huge attention from almost every business and economic entity as a potential straw to clutch at. A profound question has been raised as "innovation or die?" (Brusoni, Cefis & Orsenigo, 2006)

In order to help people to truly understand the notion of innovation and its evolution and application, a thorough and deep research on this concept is definitely needed. Although innovation research has built a solid ground in the realms of natural science and technology, it has not obtained its proper respect as a critical topic in social science (Hjalager, 2002; Hall & Williams, 2008). With regard to innovation study in tourism, researches are surprisingly limited and still in the phrase of infancy (Peters and Pikkemaat, 2005). More researches are needed, particularly the empirical ones (Edgell, 1994; Kelly & Stavy, 2000). According to Sancho, Maset, and Weiermair (2004), few studies exist with the attempt to analyze the innovation behavior in different tourism sectors by using or developing models (as cited in Weiermair, 2005). Most innovation research focuses on proposing or describing innovation typologies (Hjalager, 2002).

The purpose of this study is to further explore the notion of innovation in the context of tourism based on earlier scholars' research. To provide more practical insights into the understandings of how does innovation work in tourism, the researchers conducted a case study of Sunmore Ginseng Health Spa to examine its applications of the established innovation concepts and paradigms, as well as its fitness for Abernathy and Clark's (1985) innovation model.

REVIEW OF THE LITERATURE

The term, "innovation" has been widely used in our society across every industry sector and become prevalent. Then, what is innovation? Its Latin root, *nova*, reveals its relationship with something new. Innovation is often referred as the new products, processes or services come out of creative and problem solving ideas and the fusion of knowledge (Kanter, 1983; Luecke, 2003). Peters and Pikkemaat (2005) point out that in order to be qualified as innovations, creative ideas need to have the potentials to be commercialized and the capability of being market-tested. According to Schumpeter (1939), the major difference between the concepts of 'innovation' and 'invention' is that the latter refers to the major scientific or technologic discoveries without any connection to industrial uses while the former has close relationships with industries and markets (as cited in Hjalager, 1994). In other words, invention is purely technical, but innovation has more merchandized ingredients. The gap between invention and innovation can be bridged by entrepreneurial spirits and capabilities (Brugelmann & Sayles, 1986). Kirby (2003) argues that it is relatively difficult to define innovation accurately as it may be varied with different entrepreneurial approaches. According to him, innovation is much like a set of fundamentals which ultimately lead to creative products and services. Drucker (1985) seems to agree with Kirby's argument by stating that innovation is a logical and systematic process which can be learned and practiced.

To categorize innovation, one way is based upon innovative degrees and evolution of innovation. Incremental, distinctive and breakthrough innovation belong to this category. Incremental innovation refers to the small modifications of current processes or procedures, which is the most typical innovation. The improvements made in distinctive innovation are more substantial than those in incremental innovation. Distinctive innovation is often required to bring new technologies to business enterprises or stimulate consumers' behavioral changes. Breakthrough innovation normally showcases the great changes and improvements in technology, market delivery and the quality of human life (Meyers, 1984). Volery and Schaper (2004) divide innovations into 'incremental' and 'radical' ones, which is similar to Meyers's (1984) innovation category. Radical innovation, as the name indicates, its degree of change or disruption can be significantly high.

Another way to examine the typology of innovation is based on the business functions of enterprises at micro-level. At this level, product innovation, process innovation, market innovation, and organizational innovation are common ones (Hjalager, 1994). Product innovation refers to a new or substantially enhanced good or service with changes in terms of its basic features, technical qualifications, hardware and software requirements and user friendliness. Process innovation not only includes technology enhancements but also the improved methods of goods and service delivery (Orfila-Sintes & Mattsson, 2009). Weiermair and Peters (2002) further state that process innovation accommodates some activities linked to the increase of customers' choices, the emotionalization of experiences, and the promotion of authenticity. However, these types of innovation may vary in different industry sectors. Normann (1984) points out that process innovation in service sector may be considered to be a kind of social innovation with the ultimate goals in achieving social behavior changes and efficient utilization of human capitals. In tourism sector, according to Hjalager (1994), production innovation may mean providing more opportunities for tourists to tour places and experience a variety of cultures, as well as to enrich their life perspectives and satisfy their social needs. Hjalager (1994) further highlights a critical feature of this type of innovation called 'the act of staging', like a stage show: directors (tourism activity organizers) need to compose and script the experience, to assign roles to actors (tourism businesses), as well as to lead and enlighten the spectators (tourists).

When examining the differences in innovation between the service sector and other sectors such as manufacturing industries, four distinctive characteristics are identified within service sector: the co-terminality of service production and consumption, information intensity, the importance of human factor, and the critical role of organizational factors (Hall & Williams, 2008).

Guerrier and Adib (2003) notice that people's soft skills, *e.g.*, communication skill, personal attitudes and behaviors play critical roles in driving the innovations in service sector, which makes significant differences from their roles in stimulating the innovations in manufacturing sector. This observation is aligned with what Sundbo (1998) believes that innovations in service sector tend to be a series of changes in behavior rather than in technology. However, Keller (2006) stresses that innovations in service sector especially tourism innovations need to combine both behavior and technology changes, which means that the innovations have to be 'high tech and high touch'.

Product differentiation is considered to be a powerful business management strategy for firms in the light of enhancing their market competitiveness (Kotler, McDougall & Armstrong, 1988). As indicated by the above discussions, the products of a service-driven firm *e.g.* a tourism business, in fact, is the services provided to its customers. Thus, the product differentiation actually means service differentiation. It is the service aspects of a firm, *e.g.* service quality, make its products look different from its competitors. As a result, this service innovation can ultimately lead to the customer loyalty of the firm's brand (Haedrich & Tomczak, 1996, as cited in Frehse, 2005). Regarding this service differentiation, Frehse (2005) accentuates that it has to be based on and started out from customers' perspective. Johns and Mattsson (2003) and Preissl (2000) further stress that having customers actively involved in the process of innovation conceptualizations and implementations is a must with respects to product differentiation and market sustainability. Howells and Tether (2004) note that service innovation should also embrace organizational changes and human resource development.

The notion of 'experience economy', introduced by Pine and Gilmore (1999), has drawn increasing attention over the last decade. The main idea of this new economy emphasizes on the valuable experiences created by a variety of economic activities and the feelings of these experiences may stay long enough in customers' memory to reflect the values attached to these experiences. In the context of tourism, the new created experiences can be viewed as innovations, and more precisely, the

dynamics of innovations. According to Pine and Gilmore (1998), the essence of tourism activities is service encountering. It is all about to create valuable experiences. The process of creating these experiences is much like a stage show: first, it had been designed, organized, priced, and then produced (staged), finally, customers had been charged. Stamboulis and Skayannis (2003) note that this process is highly knowledge-intensive with an attempt to generate new themes of experiences. Unfortunately, the dynamics of these experiences are often, if not always, neglected and under-valued. In summary, tourism innovation from the point view of experience economy is deemed as experience innovation.

One of the best-known innovation models is Abernathy and Clark's (1985) model (Figure 1). It is established to examine the radical degree of innovations. According to Abernathy and Clark (1985), "innovation is not a unified phenomenon: some innovations disrupt, destroy and make obsolete established competence; others refine and improve. Further, the effects of innovations on production systems may be quite different from their linkages to customers and markets" (p.4). The model identifies four categories of innovation: niche creation, regular innovation, revolutionary innovation and architectural innovation.

Entering a complete new market to create a niche is the typical feature of niche creation. As the model indicates, firms pursuing niche creation attempt to conserve or entrench their existing competences and at the same time, create linkages to new markets. One of the examples of this niche creation approach is Mountain Equipment Co-op Inc. The company is Canada's leading supplier of outdoor clothing and equipment. Recently they set out to develop their niche market-to sell the clothing usually sold by department stores such as men's and women's outerwear and underwear. While entering a new market, the company retains its competency based on its technology strength.

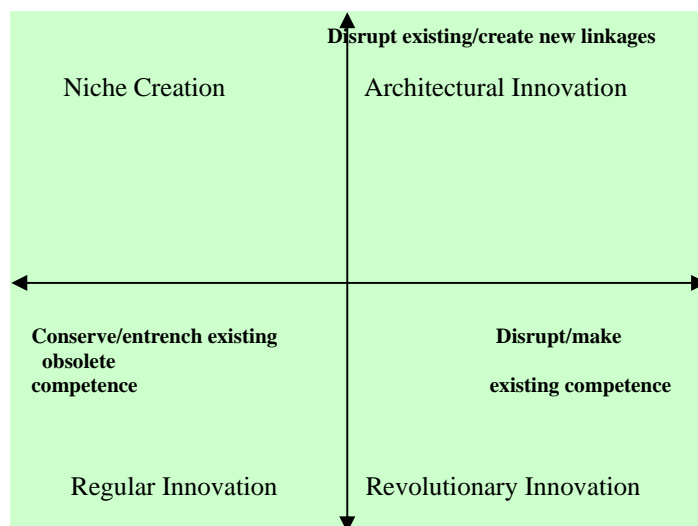


Figure 1. How radical is an innovation?
(Source: Abernathy and Clark, 1985)

Regular innovation refers to firms continue to entrench their existing market linkages while conserving their existing competences. This is a type of incremental innovation. It can take long time to show significant changes. Usually, it only requires minor modifications of firms' products, processes or marketing development. Nevertheless, the cumulative effects of this type of innovation can not be neglected. While the increase of productivity in the manufacturing industries is stably, less productivity

has been achieved in service sector (Hjalager,1994).

Revolutionary innovation represents disrupting firms' existing competence but conserving their existing market linkages. This disruption may come from the implementation of a type of technology, the realization of a recently developed concept or idea, organizational restructures and the changes of companies' culture. An example of this type of innovation is the launches of discounted airlines over the last decade, which rely on the competencies that totally different from those of the traditional airlines.

Architectural innovation means that firms disrupt their existing market linkages, and at the same time make the existing competences obsolete. This type of innovation may result in the shift of one industry or the emergence of a new industry. The examples of this type of innovation include the rise of fast-food industry, the development of Computer Reservation Systems and the spread of virtual reality technology (Hjalager, 1994).

When applying this model to tourism, Hjalager (1994) observes the interrelationships existing between tourism innovation and the involvements from other economic sectors such as telecommunication and information technology. Hall and Williams (2008) note that this model does not specify the movement from one quadrant (innovation) to the other. In addition, perhaps the model is derived from the concepts of product or process innovation, which makes itself hard to interpret tourism innovations that are often driven by experiences.

Although this model has been often quoted in literature to discuss the forms of variation in tourism innovations, few studies have investigated its applications in tourism. The following case study of Sunmore Ginseng Health Spa aims to provide a detailed description of the tourism business application of this model.

METHODOLOGY

This case study is based on an in-depth interview conducted with Carrie Pan, former manager of Sunmore Ginseng Health Spa, secondary documents analysis of spa industry reports and the feasibility study of Sunmore spa. The interview was conducted using a pre-designed questionnaire. To gain the valuable insights into spa innovations, most questions were designed as open-ended questions.

There were two foreseen limitations in this study due to the subjective nature of qualitative research. One was the interviewer's interviewing skills. The interviewer did not have enough time to be formally trained. The other limitation came with the analysis and interpretation of the interviewee's speech. These analyses are also highly subjective.

FINDINGS

According to Frehse (2005), spa industry has successfully gone through its initial stage and is stepping toward its growth stage due to the fact that people are increasingly paying the attentions on the improvement of their health condition and enhancement of their life wellness. Emerging in the light of this industry trend, Sunmore Ginseng Spa, a health spa in Canada, is located in Kamloops, BC. It is perhaps the only one in Canada integrating ginseng elements into spa development. This spa is found and owned by Donna Chang, a master herbalist from Taiwan, who is also the founder and owner of Sunmore Healthtech Ltd. The company was established in 1991, and reported as one of the few companies in North America to process and manufacture all ginseng products (including packaging) under one roof. The company purchases raw ginseng roots from the local growers near Kamloops and Thompson River Valley. Their processing procedure consists of root dry-up, pretreatment, formulation,

extraction, filtration, concentration, grinding, sifting and packaging. Their retail products include ginseng tea, capsules, extract, powder, candy, maple-glazed slices and ginseng honey. Their finished ginseng products are sold to bus tours that mainly departure from Vancouver, and by mail to their international markets such as the United States, China and Japan (Hospitality Plus, 2000).

As a business innovator and entrepreneur, Ms. Chang developed the concept of 'ginseng spa' based on the success of her ginseng manufacturing business. The basic idea is to create the new product of 'ginseng spa' by utilizing new bio-technologies. This creative approach allows her company to enter spa market with a unique selling proposition and develop a new retail market of ginseng spa by-products, *e.g.* ginseng facial cream, ginseng bath oil and lotion. These products can be used and purchased by the customers who visit the spa, and also can be purchased by the public through mail order.

Sunmore spa is operated as a day spa. The size of the property is about 10,000 square feet. It was officially opened in 2001. The spa is characterized by four functioned suites with the themes from Chinese ancient philosophy: Gold, Wood, Water and Fire ("Sunmore Ginseng Spa," n.d.). From the perspectives of Chinese traditional medicine, maintaining the balance and harmony of the five material elements (gold, wood, water, fire and earth) in human body may sustain the overall wellness of human body system. The spa also has a tea-house serving afternoon tea with a variety of choices such as ginseng honey tea and fruit tea. Sunmore Spa was created to combine the eastern and western health concepts and turn into a form of health and beauty treatment with the ginseng healing power to make its customers relax and rejuvenate. The services offered at Sunmore spa include Swedish massage, aromatherapy massage, reflexology, body wrap, salt glow, facials, and ginseng steaming and sauna. The spa also sells its service packages that usually contain a variety of massage services and refreshments, *e.g.* ginseng journey and rose journey ("Sunmore Ginseng Spa," n.d.).

Based on the discussion of innovation categories at the beginning of this paper, the innovation occurred at Sunmore spa fits into distinctive innovation. In the process of spa development, the company had brought in new technologies such as the bio-technology that can transfer the nutritious essences of ginseng roots into spa products, *e.g.* essence oil or lotion. This distinctive innovation also results in the changes of customers' consumption patterns (Chan, Go, and Pine, 1998; Meyers, 1984). This innovation may continue to attract more spa-goers to try Sunmore's creative spa products integrated with North American ginseng.

With respect to the category of business function innovation, the innovation launched by Sunmore spa combines both product innovation and process innovation. Despite the idea of a new product may sound promising, it needs an innovative production process to turn it into a reality (Luecke, 2003). The owner of Sunmore spa developed such a niche product combining ginseng with spa, and meanwhile, with the help of bio- technology, a new process of ginseng spa product development was created. Thus, ultimately the combination of both product and process innovation gives a birth of a new product. The innovation occurs at Sunmore spa provides some support for Utterback's (1994) viewpoint that product and process innovation are interrelated. Additionally, this innovation is an excellent example of "high tech and high touch" application as referred by Keller (2006). 'High tech' here means the sophisticated bio-technology adopted. 'High touch' here refers to the myth of ginseng's healing power interfused into the whole process of spa services.

In respect of the strategy of product differentiation, undoubtedly, the unique selling proposition developed by Sunmore spa makes itself stand out from its market competitors. Due to the nature of service sector, this product innovation is also deemed as service innovation. Adding the new element (ginseng) into traditional spa treatment produces some new spa services such as ginseng bath and

ginseng steaming.

When applying the case of Sunmore spa to Abernathy and Clark's (1985) innovation model, this study finds out that it should be located in the right upper quadrant which is referred above as architectural innovation. The innovative approach taken by the company is in accordance with the description of this type of innovation. The parent company of Sunmore spa is Sunmore Health Technology Inc. The original technology used to produce ginseng products is simply the manufacturing technology equipped with grinding machines, sorting machines, and etc. When stepping into spa market, the company adopts the new bio-technology to research and develop spa related products, which has a potential to shift the future trend of spa product development.

In line with the notion of 'experience economy,' Sunmore spa may also be considered to be a good example of 'experience innovation.' The overall theme of the experiences provided to Sunmore's customers is highly value attached, which can lead to more repeated guest visits in the future. Furthermore, the 'baby boomers', representing an important spa market segment, continually seek for new products and new experiences. The 'experience innovation' led by Sunmore spa may arouse their interests (Szmigin & Carrigan, 2001).

CONCLUSIONS

To truly understand the dynamics of innovation is not easy. It is, indeed, a knowledge-intensive study. Researches on innovation in service sector, particularly in tourism, have drawn more attentions from many scholars. The majority of existing studies merely emphasize on describing innovation typologies rather than conducting empirical researches or testing models. From this perspective, this study that focuses on examining the applications of innovation notions and models using the method of case study should help with filling in some gaps. In addition, this study also identifies some major themes emerging from tourism innovations such as service differentiation, 'high tech. and high touch,' and experience innovation in experience economy. Future researches should look further into the main drivers of tourism innovation, the relationships between innovation and entrepreneurship, the development of innovation models for specific service sub-sectors, as well as the exploration of the roles of innovation in experience economy.

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